

O 181516Z JUN 08
FM SECSTATE WASHDC
TO PAGE 02 STATE 065500 181516Z
AMEMBASSY RIYADH IMMEDIATE
INFO GULF COOPERATION COUNCIL COLLECTIVE IMMEDIATE
USMISSION UNVIE VIENNA IMMEDIATE

C O N F I D E N T I A L STATE 065500

E.O. 12958: DECL: 06/18/2018

TAGS: [KNNP](#) [PARM](#) [PREL](#)

SUBJECT: NUCLEAR COOPERATION WITH SAUDI ARABIA: NEXT STEPS

Classified By: NEA/ARP Andrew Steinfeld, E.O. 12958 Reasons 1.4 (b, d)

11. This is an action request. Please see paragraph four.

SUMMARY

12. (C) On May 16, Secretary Rice and Saudi Foreign Minister Saud Al Faisal signed a Memorandum of Understanding on peaceful nuclear energy cooperation similar to those signed earlier with Bahrain, Jordan and the UAE. Like the Bahrain MOU, the Saudi document will not take effect until Saudi Arabia's NPT safeguards agreement (signed in 2005) enters into force. Building on the MOU, this cable outlines next steps on peaceful nuclear cooperation with Saudi Arabia and, by analogy, the other MOU states in the region. END SUMMARY.

OBJECTIVES

13. (C) Embassy Riyadh is requested to pursue the following objectives:

- Develop a positive nuclear cooperation model for the region promoting the highest standards of safety, security, and nonproliferation;
- Encourage the use of the international nuclear fuel supply market as opposed to the development of indigenous enrichment and reprocessing technologies (and, in doing so, provide a stark contrast to Iran);
- Open new commercial opportunities for US industry.

ACTION REQUEST

14. (C) Embassy Riyadh is requested to undertake the following:

- Safeguards Agreement: Urge Saudi Arabia to bring into force its Safeguards Agreement with the IAEA. Embassy Riyadh provided Saudi officials with a sample letter to the IAEA that would bring into force Saudi Arabia's Safeguards Agreement. The sample letter was provided by ISN to Embassy Officials via email on April 24, and may simply be faxed to the IAEA via the number provided. (Note: Once the letter is submitted, the next safeguards-related steps will be revising the "Small Quantities Protocol" associated with the Saudi Safeguards Agreement to reflect Board-recommended changes, and bringing into force an Additional Protocol to the Safeguards Agreement.)
- MOU Implementation: Propose a bilateral working-level meeting in Washington, D.C. in August (if possible) to identify mutual interests and priorities in implementing the MOU. Department will use the IAEA Milestones Document as the internationally accepted guidance on the responsible development of nuclear power. Department officials will also remind Saudi Arabia that the MOU does not formally come into effect until the Saudi Safeguards Agreement is in force, urge Saudi Arabia to conclude an Additional Protocol to its

Safeguards Agreement, and explain the utility of Saudi ratification of the Nuclear Safety Convention, the Joint Convention on the Safety of Spent Fuel Management and the Safety of Waste Management, the Convention on the Physical Protection of Nuclear Material and its amendments, and the Convention on Supplementary Compensation (Arabic language copies of these safety and security conventions may be found on the IAEA website: www.iaea.org/publications/documents/conventions).

- 123 Agreement: Promote interest in concluding a formal Nuclear Cooperation Agreement (per section 123 of the Atomic Energy Act), which will be required before transfer of nuclear reactor components or fuel. Note that a draft 123 agreement may be provided for Saudi review in advance of the proposed working level meeting in Washington. Assuming Saudi interest, Department will proceed with bilateral negotiations once the Saudi IAEA safeguards agreement enters into force.

NEXT STEPS ON PEACEFUL NUCLEAR COOPERATION

15. (C) The following points outline potential next steps for implementing nuclear cooperation with Saudi Arabia following initial working-level meetings in Washington:

- Action Plan for MOU: Once interests and priorities have been identified in an initial working-level meeting (per above bullet), a Working Group on MOU implementation should be formed to develop an Action Plan for higher-level approval. The target for drafting and approval of the Action Plan would be the fall of 2008. The plan will identify which services may be provided by U.S. agencies and which services Saudi Arabia should be encouraged to acquire from US labs and industry. One step that may be taken early on would be a feasibility analysis conducted by DOE similar to that recently done for Jordan.

Target Date: Approval of Action Plan by October 2008

- Institutionalize the Process: Institutionalize interaction on peaceful nuclear cooperation by holding regular bilateral meetings to track progress on the Action Plan. These meetings would enable the governments to revise the plan as needed and discuss other issues of mutual interest such as infrastructure assistance within the context of the Joint Declaration for Nuclear Energy and Nonproliferation. In addition, the governments could consider forming a bilateral Joint Standing Committee on Nuclear Energy Cooperation (JSCNEC) that is modified for Saudi Arabia's nascent program, or forming a working group on the MOU.

Target Date: Begin by end of 2008

- Engaging Private Entities: Approach NRC, DOE and Saudi Universities to address one of Saudi Arabia's most pressing needs, the training of Saudi nuclear scientists. Some of this training can be provided by the USG, for example by traineeships at the NRC and assignments to U.S. laboratories, such as Brookhaven, which are involved in various peaceful programs not involving sensitive technologies. The most promising way to provide training is to encourage U.S. universities to partner with KACST or King Abdulaziz University in nuclear-related university training. While exchanges may be a first step, ultimately an independent training effort in Saudi Arabia will be necessary. Also important will be eventual access to a research reactor for training. The Department is examining virtual use of a U.S. university reactor for training of Jordanians in Jordan. This model may also work for Saudi Arabia and be useful in establishing a regional research reactor.

Target Date: Approach NRC and universities by August 2008

- Encouraging U.S. Commercial Interest: Urge and facilitate U.S. nuclear vendor engagement with Saudi Arabia. While U.S. vendors have thus far not viewed the Middle East as their top sales priority in this sellers' market, we should work to ensure that U.S. vendors, at a minimum, show interest in Saudi Arabia. Apart from the general commercial interest in

trade, our long-term influence and insight relevant to the Saudi program will be increased if U.S. firms are participating.

Target Date: August 2008

- Public Diplomacy: There remains a good deal of misperception and ignorance about U.S. civil nuclear cooperation policy; it is vital to craft a public diplomacy (PD) strategy to emphasize the positive U.S. approach to facilitating nuclear cooperation that meets the highest standards of safety, security, and nonproliferation. ISN is in the process of working to develop PD products, in particular for use at upcoming major civil nuclear milestones (such as the IAEA General Conference, the first anniversary of the Joint Declaration, etc).

Target Date: As soon as possible.

POCS AND REPORTING DEADLINES

16. (U) Post is requested to provide any comments on the proposed next steps as soon as possible. Burrus Carnahan (ISN/NESS) and Ariel Stukalin (ISN/RA) are the POCs on this activity.

RICE